

Frequently Asked Questions (FAQs) on Emergency Credit Line Guaranteed Scheme (ECLG) Scheme of Government of India Rs. 3 lakh Crore for Eligible Borrowers

S No.	Questions	Answers
1	What is the objective of the Scheme?	The Scheme is a specific response to the unprecedented situation created due to the spread of COVID-19. The Scheme seeks to provide much-needed relief to the MSME sector by incentivizing MLIs to provide additional credit of up to 20% of the outstanding borrowing at a lower cost to its existing customers, thereby enabling MSMEs to meet their operational liabilities and restart their businesses.
2	What is the Emergency Credit Line Guarantee Scheme?	The Emergency Credit Line Guarantee Scheme provides 100% guarantee coverage by NCGTC to MLIs on GECL of up to Rs. 3 lakh crore to eligible MSMEs. MSMEs for this Scheme will include MSMEs/ Business Enterprises, which are Proprietorships, Partnerships, Registered Companies, Trusts and Limited Liability Partnerships (LLPs), and also eligible borrowers under PMMY.
3	What is the duration of the Scheme?	The Scheme would be applicable to all the loans sanctioned under GECL during the period from May 23, 2020 to October 31, 2020, or till an amount of Rs. 3 lakh crore is sanctioned under GECL, whichever is earlier.
4	What will be the eligibility criteria to avail the benefit of the Scheme?	The eligibility criteria under the Scheme are as under: <ul style="list-style-type: none"> - All Business Enterprises and MSME borrower accounts combined outstanding loans across all MLIs of up to Rs. 25 crore as on February 29, 2020, and an annual turnover of up to Rs. 100 crore in FY 2019-20. In case accounts for FY 2019-20 are yet to be audited/finalized, the MLI may rely upon the borrower's declaration of turnover. - The Scheme is valid only for existing customers on the books of the MLI. Borrower accounts should be classified as regular, SMA-0, or SMA-1 as on 29.2.2020. Accounts classified as NPA or SMA-2 as on February 29, 2020 will not be eligible under the Scheme. - The MSME borrower must be GST registered in all cases where such registration is mandatory. This condition will not apply to MSMEs that are not required to obtain GST registration. - Loans provided in individual capacity will not be covered under the Scheme
5	Will GECL be extended as a separate loan account, or as part of the existing loan account of the borrower?	A separate loan account shall be opened for the borrower to extend additional credit under GECL. This account will be distinct from the existing loan account(s) of the borrower.
6	Will loans under the Scheme be automatically given without any application or solicitation from the borrower?	It is a pre-approved loan. An offer will go out from the MLI to the eligible borrowers for a pre-approved loan, which the borrower may choose to accept. If the MSME accepts the offer, it will be required to complete requisite documentation. Thus, an 'opt-out' option will be provided to eligible borrowers under the Scheme, i.e., if the borrower is not interested in availing the loan, he/she may indicate accordingly.
7	What is the eligible loan amount under the Guarantee Coverage?	The amount of GECL funding to eligible Business Enterprises / MSME borrowers either in the form of additional working capital term loan facility (in case of banks and Financial Institutions), an additional term loan facility (in case of NBFCs) would be up to 20% of their total outstanding loans up to Rs. 25 crores as on February 29 2020, subject to the borrower meets all the eligibility criteria.
8	What would be the procedure followed in case a borrower has loan accounts with multiple lenders?	<ul style="list-style-type: none"> - In case a borrower has existing limits with multiple lenders, GECL may be availed either through one lender or each of the current lenders in proportion depending upon the agreement between the borrower and the MLI. - In case the borrower wishes to take from any lender an amount more than the proportional 20% of the outstanding credit that the borrower has with that particular lender, a No Objection Certificate (NOC) would be required from all other lenders. - No NOC will, however, be required if the GECL is availed from a particular lender and is limited to the proportional 20% of the outstanding credit that the borrower has with that lender.
9	What is the interest rate under the scheme?	Yes, interest rates on GECL is capped as under: <ul style="list-style-type: none"> - For Banks and FIs, one of the RBI prescribed external benchmark linked rates +1% subject to a maximum of 9.25% per annum - For NBFCs, the interest rate on GECL shall not exceed 14% per annum
10	What would be the tenor of loans provided under GECL?	The tenor of loans provided under GECL shall be four years from the date of disbursement.
11	Will any pre-payment fee/penalty be charged under the scheme?	No pre-payment penalty shall be charged by the MLIs in case of early repayment.
12	Is there any moratorium period prescribed under the Scheme?	Yes, a moratorium period of one year on the principal amount shall be provided for GECL funding. Interest shall, however, be payable during the moratorium period. The principal shall be repaid in 36 instalments after the moratorium period is over.
13	Will any guarantee fee be charged under the Scheme by NCGTC?	No, NCGTC will not charge any guarantee fee under the Scheme.
14	Will MLIs charge any processing fee for the sanction of loans under GECL?	Since additional credit under GECL is to be provided to existing customers, no additional processing fee shall be charged by lenders.
15	Will your Bank/ Financial Institution/ NBFC ask for any additional collateral for the GECL facility?	No additional collateral shall be asked by MLIs for additional credit extended under GECL.
16	I run a business enterprise and have a GST registration. However, I am not registered as an MSME nor do I have Udyog Aadhar. My Bank also does not classify me as an MSME borrower. Am I eligible under the scheme?	You are eligible if: <ul style="list-style-type: none"> - You Business is eligible Business under the definition of MSME - You have total credit outstanding of Rs. 25 Crore or less as on February 29, 2020 - Your turnover for 2019-20 was up to Rs. 100 Cr. - You have a GST registration or were not required to obtain such GST registration Udyog Aadhar or recognition as MSME is not required under this Scheme

Abbreviations

- GST - Goods & Service Tax
 - MSME - Micro, Small & Medium Enterprises
 - GECL - Guaranteed Emergency Credit Line
 - NCGTC - National Credit Guarantee Trustee Company

- MLI's - Member Lending Institutions (Banks, Financial Institutions & NBFC's)
 - NBFC - Non Banking Financial Company
 - NOC - No Objection Certificate
 - NPA - Non Performing Assets